

From: Dale Kerslake [kerslake@cascadefcu.org]
Sent: Monday, April 06, 2009 3:29 PM
To: _Regulatory Comments
Subject: Dale Kerslake -Comments on Advanced Notice of Proposed Rulemaking for Part 704

To: **NCUA Board** Chairman Fryzel, Vice Chairman Hood, and Board Member Hyland:
Re: **Comments on the Advanced Notice of Proposed Rulemaking for Part 704**

Dear NCUA Board,

Thank you for accepting comments concerning corporate credit unions. To save you time I will get straight to my points

- Corporate credits unions are simply not necessary if a primary purpose is to provide liquidity to the CU industry.
A quick look at any corporate credit union balance sheet for 12-month time period over the past 25 years clearly indicates an average loan to deposit ratio of less than 20%. Corporate credit unions actually take liquidity out of the industry with their investment broker departments and SimplyCD program.
- NCUA needs to remember it is first and foremost a regulator to protect the public. NCUA should have denied CCU requests for expanded investment authority. Instead, NCUA catered to CUNA, NAFCU and the politically savvy industry leaders. If NCUA had been the much-needed disciplinarian, the industry would not be in its current turmoil. Eliminate the expanded investment authority.
- CCU's should NOT be allowed to borrow from non-member sources unless it averages a loan/ deposit ratio of 60% or higher over a running 6-month period. CCUs should be allowed to maintain lines-of-credit for unforeseen liquidity demands. However, borrowing funds to leverage assets and behave like investment bankers is not what any credit union was chartered to do.
- Implement a maximum borrowing limit equal to the credit union's earned capital, which should exclude paid-in-capital, capital accounts or any other form of secondary capital. WesCorp's misguided effort to be an investment bank was magnified by its ability to borrow \$7.5 billion dollars above what its membership had on deposit. (Side note: NCUA must reject any effort to authorize secondary capital for natural person credit unions)

CCU leaders will falsely argue that my proposals would be too restrictive. My conservative ideas will require CCUs to focus on its members' needs, not the goals of an empire-building management team..

I welcome the opportunity to discuss my thoughts in further detail with you or your staff.

Respectfully Submitted,
Dale Kerslake
President/CEO
Cascade FCU
Charter #07748